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Viewing cable 10KUALALUMPUR107, POWER STRUGGLES IN PERAK: RULING COALITION WORKING HARD TO REGAIN VOTERS' SUPPORT

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Reference ID Created Released Classification Origin

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REF: A. 09 KUALA LUMPUR 342 -- PANDEMONIUM IN PERAK
       STATE ASSEMBLY
     1B. 09 KUALA LUMPUR 78 -- NAJIB LEADS TAKEOVER OF
       PERAK
     1C. KUALA LUMPUR 92 -- COURT DECISION IN PERAK
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- 11. (SBU) Poloff and Pol Specialist visited the politically turbulent state of Perak from February 1-3. Perak is one of five states won by the opposition People's Alliance (PR) coalition in the March 2008 general elections, but through political defections in February 2009 it subsequently reverted back to authority of Malaysia's ruling National Front (BN) coalition (refs A and B), and is firmly under BN control after a February 9, 2010 Federal Court decision affirming the BN Chief Minister (ref C). Perak is a microcosm of Malaysia's ethnic diversity with party affiliation drawn clearly along ethnic and religious lines. Ethnic Malays are split between the BN's dominant United Malays National Organization (UMNO) party and the opposition's People's Justice Party (PKR) and Islamic Party of Malaysia (PAS), while nearly all ethnic Chinese and a slight majority of ethnic Indians support the opposition PR over the BN, according to a February 5 Merdeka Center poll.
- $\P 2.$ (C) Comment: Events in Perak are significant for two reasons. First, for the past year it has been ground zero for the fight between the two political coalitions. Perak is the only state that had an active fight over control of the state for the past 12 months, so the issues there reflect national sentiment. Second, the fight and ultimate victory by the BN in Perak was a successful political power play both in terms of brute and refined power, reminding us that of the two coalitions, only the BN has the clout, money, and ability to manipulate the government system (election commission, courts) to muscle its way to power. The BN now has firm control of Perak and is working to regain some of its lost influence among voters, having allocated resources into projects to win back support of the people. With the Chinese vote firmly supporting the opposition, the deciding votes in any future election rest with the ethnic Malays, not because they hold a majority among the populace (they represent just over 50%), but because their support is most split between the ruling coalition and the opposition. That said, while the opposition PR is united in its criticism of the ruling BN coalition, they remain somewhat fragmented both within their coalition, and within their component parties. End Summary and Comment.

Setting the Scene: Political Background

13. (SBU) Perak had been a bastion of the ruling BN coalition since Malaysia's independence in 1957 until the March 2008 general election, when the opposition PR coalition stunned the BN and took control of the state government by winning 31 of 59 state assembly seats. Within the PR, the Democratic Action Party (DAP) won 18 seats; the People's Justice Party (PKR) won 7 seats; and the Islamic Party of Malaysia (PAS) won 5 seats. Although the DAP earned more seats than their coalition partners combined, the position of Chief Minister went to PAS assemblyman Mohd Nizar Jamaluddin, because the Perak state constitution stipulates that only a Muslim can hold the position of Chief Minister (CM). On the BN side, the United Malays National Organization (UMNO) won 27 of their 28 seats while the Malaysian Chinese Association (MCA) took the remaining seat. Two other BN partners, the Malaysian Peoples Movement Party (Gerakan) and Malaysian Indian Congress (MIC), were all but rendered obsolete as neither won a single contested seat. The DAP's dominance came as a result of ethnic Chinese and Indian discontent with the MCA, Gerakan, and MIC, who traditionally have represented their interests within the BN coalition. In February 2009, after 11 months in power, the PR state government lost its majority in the state assembly following the defection of three PR state assembly members to become independents friendly to the BN. The net change in 3 seats left the BN with the majority of seats and resulted in a protracted controversy when the Sultan of Perak replaced PR Chief Minister Nizar (equivalent to a governor of a U.S. state) with BN's Zambry. The Federal Court ruled on February 9 that the change of chief minister was legal (ref C).

Insights from Perak Politicians

- 14. (C) Poloff and Pol Specialist visited Perak from February 1-3, and met with representatives from every major political party in peninsular Malaysia: from the ruling National Front (BN) coalition, the coalition-leading United National Malays Organization (UMNO), the Malaysian Chinese Association (MCA), Gerakan, and the Malaysian Indian Coalition (MIC); from the opposition People's Alliance (PR), politicians from the People's Justice Party (PKR), the Democratic Action Party (DAP), and the Islamic Party of Malaysia (PAS). In a February 1 meeting with PAS Perak committee members at their headquarters, including former Perak Chief Minister (CM) Mohd Nizar Jamaluddin and Perak PAS Chief Ustaz Abu Bakar Hussain, Nizar called the policies implemented by the PR government from March 2008 thru February 2009 "successful and people friendly." He noted that the current BN government has copied and implemented many of the PR's government policies while claiming full credit for them. DAP MP Fong Po Kuan later told Poloff that she didn't mind if the BN claimed credit for these policies, stating that it was more important that they were implemented, and that "they clearly benefitted the people." Nizar also claimed that during his term of office, the PR state government had managed to increase revenues by cutting waste and promoting open tenders. In the past the BN government only extended "negotiated tenders to their cronies."
- 15. (SBU) In a brief February 1 meeting, current Chief Minister Zambry (UMNO), exuded confidence in his performance during his first year. He saw himself as the rightful Chief Minister because "it is clearly the will of the people."

 Zambry opined that the BN in Perak has acted in a more professional and competent manner than the PR did when they were in power. Noted Zambry: "We were a responsible opposition for eleven months," but when the opposition lost the majority, they "refused to abide by democratic principles." Zambry commented that in the 12 months since the BN took back control of Perak, the BN has been working very hard to gain the confidence of the people, noting that the BN had embarked on "people friendly policies" the same term Nizar used by focusing on poverty eradication irrespective of race and a good economic development policy. Perak State Secretary Dr. Abdul Rahim Hashim reiterated that the two policies were the main thrust of the BN government policies in the state. Zambry said the results of the BN were showing, noting that when compared to opposition gatherings, "there is marked increase in support for BN gatherings" and that he has received feedback that "the people are generally happy with the BN state government."
- 16. (C) On February 2, Chang Ko Youn, the state chief and national deputy president for the marginalized Gerakan party, admitted that the Chinese voters "deserted the BN by droves" in the last general election. (Note: Gerakan went from 10 to 2 MP seats in the March 2008 general elections, and from 4 to 0 seats in the Perak state assembly. End Note.) He cited UMNO's "racist policies" as one cause, adding that the Chinese media were "unfriendly" towards BN. Chang pointed out that, unlike the government-influenced mainstream media, the Chinese newspapers are more independent and at times favor the opposition rather than BN parties. The veteran leader said it would be difficult for BN to win over the Chinese voters in the next general election.
- 17. (C) Dr. Mah Hang Soon, the MCA state youth chief and sole non-UMNO state assemblyman for the BN, was a bit more optimistic. Mah noted that the BN is "now more aware of the Chinese problem" and is "working on overcoming it." He cited the case of Chinese farmers, who have farmed on state land for decades, who were recently given land titles. The state government has also started funding the nine independent Chinese schools in the state, whereas in the past the BN state government had completely ignored the plight of independent Chinese schools. Mah opined that the previous PR

government only "made promises" but the BN state government "is now delivering" on them. Dr. Mah also noted that the Chinese community was especially concerned about the ongoing inquest into the July 2009 death of political aide Teoh Beng Hock while under investigation, opining that the Malaysian Anti Corruption Commission (MACC) needs to get to the bottom of this soon, even if they themselves are to blame.

18. (C) MIC Perak state secretary and new Perak state Speaker R. Ganesan echoed Mah's views, claiming that the 12-month old BN government has enacted numerous polices for the benefit of non-Malays. Ganeson proudly stated that for the first time

KUALA LUMP 00000107 003 OF 004

the state government has allocated funding for Hindu temples. (Note: The previous PR government started the policy of allocating funds to non-Islamic religious institutions, but it is the BN who is seeing this through. End Note.) Ganesan added that he could see the Indians returning to the BN based on the number of people attending BN-sponsored meetings and political rallies.

Both Sides at Risk as Snap Elections too Risky to Consider

- $\P 9$. (SBU) Prior to the February 9 court decision, both Zambry and Nizar publicly claimed that they had enough support from voters to win any snap election, fueling speculation that regardless of how the decision panned out, the legitimized Chief Minister would call for elections and end the controversy once and for all. Zambry told Poloff on February 1 that if snap elections were held, he was confident the BN would win 34 out of 59 seats in the state assembly, citing discontent with PKR and PAS among voters. When asked by Poloff if he would call for snap elections should he win the February 9 decision, Zambry said he would not dissolve the state assembly, saying that "the Perak BN state government does not operate based on the dictates of the opposition." Nizar, in turn, countered that he had the support of 80% of the Chinese and Indian vote, and at least 50% of the ethnic Malay vote, challenging Zambry that the only way to prove his claim would be to call for a snap election in Perak. Nizar told Poloff that even with fresh elections, there is no guarantee that the PR would win a majority of seats to form a government. Nizar stated that the BN has managed to "poison the minds of the rural Malays" by convincing them that he was "a lackey of the DAP" and "had committed treason by defying the Sultan" after the defections. PAS State Treasurer Abdul Rahim Ariff concurred with Nizar's view, adding that if elections were held today the Malay votes would split evenly between UMNO and PAS, unlike in March 2008 when there was clear swing of Malay votes towards PAS and PKR.
- 110. (SBU) State senior UMNO Cabinet Minister Ramly Zahari concurred with the Chief Minister's views that the BN has no reason to dissolve the state assembly. He stated that the opposition is the one who "started the game" by wooing BN Members of Parliament and state assembly to cross the floor. As such the veteran state UMNO leader added that when the BN managed to outflank PR, "the opposition now wants to rewrite the rules." (Note: Ramly is referring to an UMNO assemblyman who crossed over to the PR in January 2009. A few days after the crossover, he returned to the BN and was joined by the three ex-PR assemblyman who claimed to be BN-friendly independents. The opposition believes that the initial crossover was orchestrated by UMNO to prepare the ground for the three others to jump to the BN side. End Note.)
- 111. (SBU) DAP Perak State Chief Ngeh Khoo Ham and DAP State Secretary Nga Kor Ming (who are first cousins) were optimistic on February 2 that magic of March 2008 would continue to prevail in Perak if snap elections were held. While admitting that there is a slight shift in Malay support in favor of the BN, Ngeh stated that a majority of urban Malays and most of the Chinese and Indians would vote for a PR coalition party.

- ¶12. (C) PKR Vice President and MP in Perak Lee Boon Chye told Poloff on February 2 that despite the setback caused by the BN takeover and subsequent court rulings, the PR is still very popular in Perak. Lee claimed that "80 percent of Perakians are still behind us." Ngeh and Nga (DAP) claim that the opposition has continuously been harping in their numerous political gatherings through out the state that the current state government "is an illegal court appointed entity" and vowed they would continue their disharmonious campaign after the Federal Court ruling of February 9. However, Nizar announced after the court decision that the opposition would instead cooperate with BN.
- 113. (C) Zambry said on February 1 that PR leadership in Perak was becoming increasingly desperate. Decreased numbers and a general lack of enthusiasm at recent opposition rallies showed that people were tired of the PR acting like a sore loser, and were ready to move on. As a result, claimed Zambry, the PR has embarked on a strategy to smear the image of the BN-led state government. He cited two examples of the smear campaign: that he was accused of being denied entry to the US recently for "being involved in terrorist activities,"

KUALA LUMP 00000107 004 OF 004

and news reports that investors are shunning Perak since the BN wrested power. Zambry is suing the PKR newspaper "Suara Keadilan" for RM 400 million for what he says were libelous claims about his US trip. He noted that investments have actually increased since the BN took over, claiming that the Perak state government has attracted RM11 billion (about USD 3 billion) in one year. (Note: Regarding the investments, Nizar and other PR leaders in Perak dispute this figure, claiming that some of the investments came to the state when the PR was in power. End Note.) Zambry expected the opposition to continue with their smear tactics, commenting that "their position is increasingly under threat."

Coalition, Party Infighting Continue to Impact Opposition

114. (C) DAP MP and Vice President Kulasegaran admitted that all is not well with the DAP in Perak. Kula claimed that the "Ngeh-Nga clan" referring to the cousins, is running the show in Perak. The veteran DAP leader claimed that the top party leadership is unable to control the two, as they have managed to bring the state DAP machinery completely under their control. Kula claimed that due to their dominance, the DAP may face some problems in the future because they are not popular among all the Chinese in the state. For example, the cousins tried to force out popular DAP MP Fong Po Kuan from running in the 2008 general election in order to replace her with their own crony, but her constituency fiercely resisted this move against the three-term MP, forcing the cousins to back down. Poloff raised this topic while meeting Fong for lunch, but she refused to be drawn into a conversation on this issue.

Poll: Voters Split Along Ethnic Lines

115. (U) The independent Merdeka Center announced results of a poll taken of Perak voters on February 5. Current CM Zambry has an approval rating of 43%, while former CM Nizar has an approval rating of 46%. Zambry's base of support comes from 2/3 of the ethnic Malays and 1/2 of the Indians; Nizar's support comes from the remaining 1/3 of the Malays, the other 1/2 of the Indians, and nearly all of the Chinese. (Note: the ethnic breakdown for Perak's 2 million citizens is approximately 52% Malay, 32% Chinese, 13% Indian, and 3% others. CM Zambry is an ethnic Indian but is Muslim by religion. End Note.) In addition, 38% of respondents believed Perak is moving in the right direction, up from 31% polled in April 2009, while 44% believed the state was moving in the wrong direction, with distinct differences of opinion when broken down by ethnic lines. KEITH